

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP
OCTOBER 6, 2010**

DIRECTORS PRESENT

Jim Haselton, Committee Chair
Mike Safranski, Committee Member

STAFF PRESENT

Don Chadd, General Manager
Teresa Teichman, District Secretary
Karen Warner, Accounting Technician
Michael Perea, Special Projects Manager

PUBLIC PRESENT

No members of the public were present.

CALL MEETING TO ORDER

Committee Chair Haselton called the October 6, 2010 Finance/Audit Committee Meeting to order at 7:00 a.m.

VISITOR PARTICIPATION

Public comments were announced. No comments were received.

ORAL COMMUNICATION

Oral communication was announced. No comments were received.

COMMITTEE MEMBER COMMENTS

President Safranski advised the Committee he will be out of town October, 13 through October 23, 2010.

Director Haselton discussed an article in the local newspaper referencing MWDOC activities.

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REPORT FROM THE GENERAL MANAGER

General Manager, Mr. Don Chadd, advised Santa Margarita Water District has two available seats at the upcoming Water Forum.

Mr. Chadd informed the Committee of water line repairs currently underway on Silvertree Lane and Birdhollow Drive in the community of Robinson Ranch. Discussion followed relating to reservoir capacities, pressures, and check valves. Mr. Chadd noted the infrastructure in the area of the line breaks are twenty years old.

FINANCIAL MATTERS

ITEM NO. 1) FINANCE/AUDIT COMMITTEE MEETING RECAP

The September 1, 2010 Finance/Audit Committee Meeting Recap was presented to the Committee. No changes were made.

Recommendation: *The Committee recommended that the September 1, 2010 Finance/Audit Committee Meeting Recap be received and filed by the Board. (Consent Calendar).*

**ITEM NO. 2) RATIFICATION OF DIRECTORS' FEES AND EXPENSES
AND FUTURE MEETINGS**

The Committee reviewed this matter.

Recommendation: *The Committee recommended that the Board ratify the Directors' expenses for August 2010 and fees for September 2010. (Consent Calendar.)*

**ITEM NO. 3) DISCUSSION REGARDING BAKER WATER TREATMENT
PLANT (WTP) FINANCING OPTIONS**

Mr. Chadd reviewed funding options from IRWD, ibank, and CSDA. Mr. Chadd advised staff is waiting until such time that the bid amount is known to proceed further.

Recommendation: *The Committee received the information presented. No action taken.*

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**ITEM NO. 4) STATUS UPDATE RELATING TO WATER MONITORING
AND WATER CONSERVATION EFFORTS**

Mr. Chadd distributed a letter from MWDOC dated September 29, 2010 which recognized TCWD's accomplishments in water use efficiency and conservation efforts to remain 174 Acre Feet below the FY 2009/2010 allocation.

The use of well water was discussed for FY 2010/2011 allocation purposes.

Recommendation: *The Committee received and filed the status update. No action necessary.*

**ITEM NO. 5) DISCUSSION AND POSSIBLE ACTION RELATING TO
METROPOLITAN WATER DISTRICT (MET) RATE
INCREASE JANUARY 1, 2011**

Mr. Chadd reminded the Committee MET is raising rates by 7.5% effective January 1, 2011 and this increase will be passed to TCWD customers.

Mr. Chadd discussed conversation he recently had with TCWD legal counsel as it relates to Proposition 218 requirements regarding rate change proceedings. Under the legislation, a schedule of water rates or charges adopted by a public agency can include a specific type of future adjustment.

Discussion occurred relating to a specific formula or method which would include a reference to a specific applicable index which would also describe how frequently the inflationary increase would be applied.

Director Haselton suggested including a newspaper article wherein MET explains their 7.5% increase to the public with TCWD's Public Notice.

Recommendation: *The Committee received the information and recommended forwarding to the Board. (Action Calendar).*

**ITEM NO. 6) DISCUSSION AND POSSIBLE ACTION RELATING TO
BALANCE OF FUNDS IN REASSESSMENT DISTRICT NO. 5**

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Mr. Chadd discussed this issue. Reassessment District No. 5 was levied for the last time in 2008/2009. The final principal and interest payment on the 2001 Bonds was made on September 2, 2010. A surplus balance of \$70,584.90 remained in the Redemption Fund after the retirement of all debt.

Staff and legal counsel has determined the surplus balance in the Redemption Fund will be used for repair, replacement, and maintenance of infrastructure associated with the Reassessment District.

Mr. Chadd stated he received one phone call from a customer inquiring as to how the surplus funds would be used.

Recommendation: *The Committee received the information and recommended forwarding to the Board. (Action Calendar).*

ITEM NO. 7) OTHER MATTERS

Mr. Chadd advised he and staff met with representatives from the Discovery Science Center last week regarding educational opportunities relating to water conservation strategies for local elementary schools.

Mr. Chadd advised TCWD will be hosting a California Friendly Landscape Workshop on Saturday, October 23 from 8:00am – 12 noon. Metropolitan Water District (MET) will be presenting the information and representatives from MWDOC will be in attendance as well.

Mr. Chadd advised the Agreement between TCWD and Oaks at Trabuco (Goren Property) expired last month. Staff and Legal counsel are scheduled to meet with Mr. Goren to discuss an extension and arrange for any necessary documents to be recorded.

Mr. Chadd apprised the Committee as to the current status of the development.

Recommendation: *The Committee received the information provided. No action taken.*

**ITEM NO. 8A) PRESENTATION OF AUGUST, 2010 UNAUDITED
FINANCIAL STATEMENT**

Mr. Chadd reviewed the August 30, 2010 preliminary unaudited financial statement. Information was reviewed including total assets, liabilities and retained earnings, WRES balance demonstrating a dedicated revenue source, and investment schedule.

Recommendation: *The Committee recommended that the Board receive and file the August 30, 2010 preliminary unaudited financial statement, as presented. (Consent Calendar).*

ITEM NO. 8B) BILLS FOR CONSIDERATION

The bills for consideration were presented.

Recommendation: *The Committee recommended that the Board ratify payment of the October 6, 2010 bills for consideration in the amount of \$1,029,949.99 and the September 2010 payroll in the amount of \$156,258.66, as presented. (Consent Calendar).*

ADJOURNMENT

Committee Chair Safranski adjourned the September 1, 2010 Finance/Audit Committee Meeting at 8:05 a.m.